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Memorandum

To: State Senator Cameron Brown
State of Michigan

CC: Ms. Jeanne M. Laimon
Legislative Assistant

From: Dave Allen
Executive Director
St. Joseph County EDC

Date: 7/7/2004

Re: Warehousing & Distribution Projects

In June of last year, the St. Joseph County Economic Development Corporation was invited to submit sites to Pauline Millichamp of the Michigan Economic Development Corporation who was acting on behalf of a site consultant. The site consultant, J.M. "Mike" Mullis of Memphis, Tennessee was representing a warehousing/distribution client interested in locating a 400,000 square foot facility adjacent to rail and highway in the Michigan and Indiana area. The project was expected to generate 400 high paying jobs (roughly \$18/hour) and result in an investment of around \$15 million.

Though a property in White Pigeon was a finalist for this project, we ultimately lost out to a site in Kendallville, Indiana because of their ability to offer an abatement on a warehousing/distribution project. In an e-mail sent to Amy Banninga of the Michigan Economic Development Corporation, Mr. Mullis said, "Our main problem is that the high property taxes in White Pigeon are forever; and we get at least a 50.0% tax break for 10 years in Indiana." In a follow-up phone conversation with Mr. Mullis, he reiterated this point to me. Indiana offered a better long term incentive package anchored by their ability to abate a distribution/warehousing project.

Since June of last year, we have had other warehousing projects look at St. Joseph County, but none have materialized. I fear, as a border county, they are all finding a home in Indiana. This precipitated my call to Senator Brown's office regarding the possibility of crafting legislation to allow for consideration of abatements for warehousing/distribution projects if certain criteria are met. What that criteria might be is open to discussion.

In Indiana, abatements are offered to warehousing/distribution firms in "economic revitalization areas. "Economic revitalization area" means an area which is within the corporate limits of a city, town, or county which has become undesirable for, or impossible of, normal development and occupancy because of a lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors which have impaired values or prevent a normal development of property or use of property. For discussion purposes only, perhaps we could consider offering abatements in areas where brownfield redevelopment authorities exist. As you are aware, St. Joseph County is in the process of establishing an authority.